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SUBJECT: CBERA BIENNIAL SURVEY -- EASTERN CARIBBEAN

REF: STATE 60543

¶1. (U) Embassy Bridgetown provides below its responses to reftel request for information on CBERA-related investment in the Eastern Caribbean and the economic impact of CBI on these countries. Please note this response covers the following countries: Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

¶2. (U) Investments: There have been no significant CBERA-related investments in these countries during calendar year 2008. Virtually all investment into these countries has been in the services sectors, primarily tourism and finance.

¶3. (U) Impact: The actual economic impact of CBERA on the economies of the Eastern Caribbean has been modest. Most of these economies are services-dominated, with tourism and financial services representing the bulk of foreign business here. Relatively few products are exported from the Eastern Caribbean (imports outpace exports almost 10:1 in most countries), and even within the export sector, CBERA-related exports represent a small fraction of total exports. Primary exports for these countries are agricultural products and alcoholic beverages, which have not benefited from CBERA.

¶4. (U) Nevertheless, CBERA remains an important political and psychological benefit for the Eastern Caribbean. While few companies utilize the trade preference program or do not export products that benefit from it, having even symbolic preferential access to the U.S. market is an important sign of commitment to the region. The loss of the Eastern Caribbean's preferential access to European markets for agricultural products (chiefly bananas) has led to a rise in anti-globalization sentiment in some circles, casting the Small Island Developing Countries as victims of big-economy market domination. Keeping the Eastern Caribbean tethered to the U.S. via CBERA is psychologically important for them and politically meaningful to us as an indicator of our commitment. Loss of CBERA access, while only modestly significant economically, could have markedly negative political ramifications.

HARDT